



**BOARD OF DIRECTORS  
REGULAR BOARD MEETING 10:30 am  
Lopez Fire Hall  
2228 Fisherman Bay Road, Lopez Island  
Thursday June 20, 2013**

**TRAVEL**



***Via Ferry:***

**To:**

Leave FH 8:30 a.m.  
Leave Orcas 9:15 a.m.  
Leave Shaw 9:30 a.m.

Arrive Lopez 9:50 a.m.

**From:**

Leave Lopez 3:45 p.m.

Arrive Shaw 4:05 p.m.  
Arrive Orcas 4:25 p.m.  
Arrive FH 5:05 p.m.

**Orcas Power & Light Cooperative  
Board of Directors  
Regular Monthly Meeting**  
Lopez Fire District #4, 2228 Fisherman Bay Road, Lopez Island  
**June 20, 2013      10:30 a.m.**

**PAGES**

**WELCOME GUESTS/MEMBERS**

**CONSENT AGENDA**

- 3-5**      ○ April Minutes
- 6-7**      ○ May 16 Minutes
- 8-9**      ○ Admission of New Members

**ACTION ITEMS**

- 10**      ○ Capital Credits
- 11**      ○ RUS 219s
- 12-13**      ○ Resolution 5-2013 *RUS Signing Authority*
- 14-15**      ○ Broadband Directives

**DISCUSSION ITEMS**

- 16**      ○ NRECA Retirement Security Plan—Erik Hayes
- 17**      ○ BPA—Stuart Clarke and Marcus Perry
- 18-24**      ○ Policy 1 *Functions of the Board of Directors* Draft Revisions

**REPORTS**

- EE Committee—John Bogert
- 25**      ○ 2013 First-Quarter Financials
- 26**      ○ Cash Recap
- 27**      ○ Total Fund Balances Chart
- 28-29**      ○ Outages
- 30**      ○ Safety
- 31-35**      ○ General Manager

**INFORMATION ITEMS**

- 36-37**      ○ New Services
- 38**      ○ Historical MORE Revenue
- 39**      ○ Member Billing Revenue History
- 40**      ○ BPA Consumption Summary
- 41**      ○ Graphs: Peak Load, Total Meter Points, Equity as a % of Total Capitalization, kWh Sold
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**ADJOURNMENT**

# MINUTES OF THE BOARD OF DIRECTORS MEETING

## ORCAS POWER & LIGHT COOPERATIVE

Thursday, April 18, 2013

President Chris Thomerson called the meeting to order at 8:50 a.m. at the Friday Harbor OPALCO office with Directors Winnie Adams, John Bogert, Vince Dauciunas, Jim Lett, George Mulligan and Bob Myhr present. Also present were Acting General Manager Foster Hildreth; Manager of Engineering & Operations Russell Guerry; Assistant Manager of Finance and Member Services Nancy Loomis and Executive Assistant Bev Madan, serving as recording secretary.

### Members/Guests

- Victoria Compton, Executive Director of the San Juan Economic Development Council (SJEDC);
- Jim Hooper, President of the SJEDC stated that the SJEDC Board passed a unanimous motion at their April 17 meeting to reaffirm their support for the Broadband Initiative and thanked OPALCO for the energy expended so far. The SJEDC also asked that OPALCO work with them on a Local Technology Planning Team Grant that is available through the Washington State Department of Commerce for “communities working to advance deployment and/or adoption of broadband in Washington”.
- Marilyn O’Conner, Board member of SJEDC and Port of Friday Harbor Director;
- David Olson, former director of the Office of Cable Communications and Franchise Management with the City of Portland, OR offered his assistance if needed/requested on the Broadband Initiative.
- Wally Gudge, Orcas realtor commended the OPALCO Board and the EDC for addressing the Broadband issue in San Juan County. As a top realtor in San Juan County Gudge stressed that the majority of his clients want Broadband and there is a price differential for homes with Broadband and for those without.
- Gray Cope, San Juan Island member; and
- Dwight Lewis, District 3 Board candidate expressed his concern over the Broadband Initiative moving forward without a majority (60%) vote of the members.
- Olga Darlington, Moss-Adams to present the 2012 Audit Report

*Compton, Gudge, Hopper, O’Conner left the meeting*

### Consent Agenda

**Motion:** Lett moved to accept the Consent Agenda, which included the March 28, 2013 Board meeting minutes and new members listed below. The motion was seconded and carried by voice vote.

### LOPEZ

1. CROWELL, NANCY
2. GILBERT LOPEZ PROPERTIES LLC
3. LOPEZ ISLAND PREVENTION COALITION
4. MACKINNON, JAMES

### ORCAS

5. AMOS, JAMES
6. ANDERSON, TOM & GAIL
7. BEHM, KENNETH
8. D’HAEZE, KEVIN
9. EVANS, TAUNA & LUCAS, MARGARET
10. GILLARD, ALAN
11. GRIGG, ANDREW
12. HAMILTON, THAYNE
13. LAMBOURNE, MICHELLE
14. LANDON, BELINDA KAY
15. MORROW, TIMOTHY & JELLUM, JOAN
16. NELSON, ALLISON & BAILEY, TOM
17. OTT, KARALYNN & McGEE, SEAN
18. TRENEER, PAULA

### SAN JUAN

19. BELANGA, SEAN
20. CISNEROS, JOSE & SABRINA
21. CLAREY, WILLIAM
22. CROUCH, JESSICA
23. DESTAFFANY ENTERPRISES, LTD
24. DOUGLAS, BERNETTA & PETE
25. FISHER, ELIZABETH V & MELIN, BRANDON
26. FITZGIBBON, GEORGE P & KIRA S
27. HARTMAN, GEORGE
28. JONES, KATHERINE E & DRAKE-RAUE, ARIAN L
29. KAIN, SHARON
30. KLAHN, KATHERINE M
31. LOUTHAN, RONNIE ROY & SHARRON A
32. MCLUEN, JAMES S & KAROL A
33. NELSON BAY LLC
34. POLSTER, LEONARD M & MARGUERITE
35. SCHMITT, CHARLENE
36. SPENCER, ANDREW
37. TAYLOR, VICTORIA ANNE
38. TOUHER, SHARON C & NORKUS, LISA A

### Capital Credits

**Motion:** Myhr moved to approve a total capital credits payment of 580.70 to the estate of Susan F Greenwood; motion was seconded and carried by voice vote.

## **2012 Audit Report**

Olga Darlington thanked the OPALCO staff for their full, complete and transparent cooperation. Improvements to the work order process were implemented early in 2012, which made the auditing process smoother. Darlington reported no significant deficiencies or material weaknesses.

Assets reported on the balance sheets for 2012 were \$59,498,773; the net margin was \$814,529; the ratio of assets to liabilities is 2.99.

**Motion:** Myhr moved to approve the audit report; the motion was seconded and carried by voice vote.

*Darlington left the meeting.*

## **OPALCO Policy 19 Family Medical Leave Act**

After additional clarification from the attorney, it was suggested to strike the paragraph 19.1.3 “*The employee works at an OPALCO worksite which has fifty (50) or more employees or is within seventy-five (75) miles of worksites that together have a total of fifty (50) or more employees*”.

While Washington law mandates OPALCO to offer the medical leave when there are 50 or more employees, the Board’s intent was to offer it regardless of the number of employees.

**Motion:** Adams moved to approve Policy 19 with 19.1.3 removed; the motion was seconded and carried by voice vote.

## **RUS 219s**

Construction Work Plan projects were completed in January (\$224,016.79) and February (91,453.87) for a total of \$315,470.66.

**Motion:** Myhr moved that the 219s be approved and processed with RUS; the motion was seconded and carried by voice vote.

## **Electric Load Forecast Update / Resolution 2-2013**

As required by RUS, System Engineer Joel Mietzner has reviewed the load forecast and updated it according to RUS requirements.

**Motion:** Bogert moved to accept and approve the 2013 Electric Load forecast Update upon the recommendation of the System Engineer; the motion was seconded and carried by voice vote.

## **EE Committee Report**

Bogert reported that the Committee continues to meet with individuals, groups and financial entities to pursue the goal of defining an enhanced energy conservation and efficiency program. They are working on ways to organize and collaborate efforts to coordinate funding and ideas, as well as monitoring the progress of Island Stewards in reestablishing its 501(c)(3) status. At the Board’s October 28, 2010 work session, an additional \$50,000 was added to the Energy Services budget for the purpose of funding outreach projects and programs that will help promote energy conservation and efficiency. To date, \$30,000 has been allocated. The Board requested clarification of the approach used in allocating the funds. Hildreth will review the application and selection process.

*San Juan County Council member Rick Hughes arrived.*

Bogert completed his report by stating that the Committee is committed to a forward-thinking vision whose purpose is to make recommendations to the Board for a comprehensive energy policy for the Cooperative to embrace and implement for the long term.

**Member/Guest** Rick Hughes encouraged the Board to maintain their leadership position for countywide Broadband and stated that the OPALCO Board has his support on County Council decisions regarding Broadband.

## **Outage Report**

In reviewing the outage report, the Board asked if there was a five-year plan for underground replacement and if that was fast enough. Guerry promised to provide an answer at a later Board meeting.

## **Safety Report**

The Safety Report was discussed at length. The Board reiterated full support that OPALCO continue to have a culture of safety as top priority.

*Hughes left the meeting*

Thomerson noted that the US Senate declared April 18 National Lineman Appreciation Day.

### **Manager's Report**

Hildreth reported that Erik Hayes, NRECA Benefits Manager will be relocated to the northwest region the second week of May and will be invited to our June Board meeting. The hope is that he can clarify the option offered to co-ops of prepaying their future Retirement Security Plan contribution requirements.

Member Data Management was discussed, as it will be available within the next month to members who have signed up for e-bill. A discussion of e-bill ensued. The Board encouraged that all new members have to opt out of e-bill and asked that staff bring ideas for increasing e-bill participation.

### **Project PAL**

A thorough discussion of Project PAL funding resulted in the Board requesting that a message be sent to members through *It's Electrifying*, billing inserts and the annual meeting to increase the fund balance. Receiving nonprofit status from the IRS will help get members to donate.

### **BPA EEI Funding**

OPALCO's Energy Services Department has done such a good job of processing energy efficiency incentives that the funds received from the BPA EEI (Energy Efficiency Incentive) have been expended with no additional funding expected until October 1.

**Motion:** Mulligan moved to use \$158,531 of the Restricted Funds to fund the energy efficiency incentives through September 30, 2013. The motion was seconded and carried by voice vote.

### **Broadband**

David Olson encouraged the Board to build out broadband conservatively.

*Olson left the meeting.*

*1:10 p.m. The Board adjourned to Executive Session*

*2:55 p.m. Regular meeting reconvened.*

After much discussion, the Board agreed by consensus:

1. To continue the current member education and outreach program to assess member commitment, with staff ensuring clarity of the financial implications to the Cooperative.
2. To continue due diligence with Century Link and pursue formal documentation as to economics, timing and coverage commitments.
3. To proceed with spectrum acquisition contingent upon positive economic analysis and definitive testing results.

### **Adjournment**

The meeting adjourned at 3:05 p.m.

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Chris Thomerson, President

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John Bogert, Secretary-Treasurer

# MINUTES OF A SPECIAL BOARD OF DIRECTORS MEETING ORCAS POWER & LIGHT COOPERATIVE

Thursday, May 16, 2013

President Chris Thomerson called the meeting to order at 10:35 am.

Present: Chris Thomerson (President), Bob Myhr (Vice-President), Jim Lett (Secretary/Treasurer), John Bogert Winnie Adams, , Vince Dauciunas, General Manager Randy Cornelius, Acting General Manager Foster Hildreth, Executive Assistant Bev Madan. All directors signed a Waiver of Notice of Special Meeting.

## May 7 Minutes

The draft minutes were corrected to include the results of the roll call vote for the office of president election and an additional bullet under "Island Network" *"Emphasize to membership a realistic assessment of the finances involved"*.

Motion: Jim Lett moved to approve the minutes as corrected; the motion was seconded and passed with a voice vote.

## Broadband

The Broadband Initiative and member engagement was discussed at length. A new Broadband vision was created:

Enhance OPALCO infrastructure deployment  
By providing data services providers  
Access to OPALCO infrastructure  
Paid for by cost recovery user fees and leases  
For the benefit of members

After in-depth discussions, the collective Board agreed to the following:

1. The Broadband Initiative as initially defined will not go forward due to lack of member interaction, quantity of presubscription signups and lower risk alternatives;
2. Communications will continue to be open transparent discussions and not conflict with confidentiality agreements;
3. CenturyLink and other Internet Service Providers will be named in member information conversations as paths that OPALCO is pursuing to achieve evolving Broadband goals;
4. Transition to the new Broadband approach will be accomplished expeditiously, while giving staff adequate time to prepare the messaging.

## District 1 Director Resignation

Motion: Bob Myhr moved to accept the letter of resignation from George Mulligan, District 1. The motion was seconded and approved.

After discussion, the Board agreed that ads would be placed in all newspapers requesting interested director candidates from District 1 send a cover letter and brief resume. Staff will circulate all applications to the Board via email.

## WRECA Voting Delegate

Motion: Jim Lett moved to appoint Chris Thomerson voting delegate for the June WRECA meeting with Bob Myhr as the alternate. The Motion was seconded and approved.

## Letter of Commendation

Motion: Bob Myhr moved to present a letter of commendation drafted by Winnie Adams and addressed to the General Manager for the exceptionally clean 2013 audit. The motion was seconded and approved. All members of the Board signed the letter and presented it to Randy Cornelius.

## Resolution 3-2013 *Authorizing Application for a RED-L Grant*

Motion: Bob Myhr moved to approve Resolution 3-2013, allowing OPALCO to apply for a grant through the Rural Economic Development Program on behalf of the Lopez Fire District. The motion was seconded and approved.

## Resolution 4-2013 *Acting General Manager*

RUS requires the Board to name the acting general manager in the form of a Board resolution in order to sign documents relating to RUS.

Motion: Bob Myhr moved to approve Resolution 4-2013. The motion was seconded and approved.

**Adjournment**

The meeting was adjourned at 2:05 pm.

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Chris Thomerson, President

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Jim Lett, Secretary/Treasurer

## NEW MEMBERS APRIL / MAY 2013

### BLAKELY

1. MILLS, CHARLES K

### CENTER

2. DRESKER, KEVIN & SHEILA

### LOPEZ

3. ARCHER, TERRENCE & UHLIG, HEIKE
4. BUTLER, JENNIFER O & KINNEY, ASA
5. CHUN, JINNY & REID, ROBERT
6. MISH, CHARLES & CLARISSA
7. SEIFERT, RYLAN
8. WALSH, BILL

### ORCAS

9. BAGBY, CALI
10. BURKE, DAN
11. CALLISON, KIRK D & JILL
12. CAMACHO, MARIA
13. CAYOU QUAY MARINA LLC
14. CONVER, BARBARA
15. CULLEN, CINDY & TIM
16. CUNNINGHAM, JOHN & GILLIAM, CAT
17. CURRIE, DAN & CAROL
18. DALUSIO, BRUCE & DHALIWAL, SWARAN
19. DELISLE, JACK R
20. GAYEK, ALEXANDRA
21. GREENWAY, TERESA L
22. HAMMOND, JUSTIN
23. HEMSTREET, SUSAN
24. HENDON, SHEFFIELD
25. HSH PROPERTIES
26. HYDE, DAVID & INGALLS, ANITRA
27. JENSON, MATTHEW
28. JENSSEN, LYNN M
29. JONES, RUDOLPH & WALLACE, SARAH
30. KEEL, THOMAS E
31. MACAPIA, MARY E
32. MC KEOWN, JUDY

33. MILES-VIETH, CHERYL K & VIETH, KENNETH W III
34. NIELSEN, GLEN
35. OSBORN, SCOTT & PRICE, LISA
36. PRITCHARD, SHAUN
37. ROSS, VALA
38. STECKLEY, LISA
39. THIEME, DANIEL
40. TIMMERMAN, LINDA
41. TOWNSEND, SEAN & KELLY
42. TURNER, JESSE W & DENHART, BRENT
43. TURTLEBACK WATER SYSTEM ASSOC.
44. VILLALOBOS, LILLIANA M

### SAN JUAN

1. ADAMS, PETER & SUZANNE
2. ARMSTRONG, CAMOLYN
3. BALL, JERRY L & DIANE D
4. BEAVER, ELIZABETH
5. BLINKS, ELIZABETH R
6. BROWN REAL ESTATE GROUP
7. BURKEH, BRAXTON
8. CARLSSON, TED & JENKINS, PAULIE
9. CARON, SANDY
10. CHADWICK, KAREN M
11. CHARAPATA, PATRICK
12. CORAK, RICHARD & ROBIN
13. CROWDER, ROBERT S
14. CRUZ, CAMILLE C
15. DAILY, MICHAEL
16. DANIELS, ELIZABETH
17. DELAPP, CHARLES M
18. DE SILVA, NISHAN
19. DICKHAUS, DAVID & KURTZ, MARY
20. DRADY, JULIAN C
21. EIGER, LEONARD & CHERYL
22. EMICK-SELEMANI, TERRY
23. ENGLE, ALLEN B
24. EUBANKS, DAVID & RAINA RENA
25. FISHER & SONS INC
26. FORGIE, ALEXANDRA



**San Juan Continued**

- 27. FRIEDMAN, CAROLYN S
- 28. GERMAIN, JANELLE
- 29. GIBBONEY, MARTHA & JONS,  
LOWELL
- 30. GOOD KARMA CAFÉ
- 31. GREEN, MARK & STEPHANIE
- 32. HARADEN, JOHN
- 33. HARDENED ARMS
- 34. HOKE, PAMELA
- 35. HOLMES, W.J.
- 36. HOWITT, DAVID
- 37. INTERDONATO, TIRZAH
- 38. JIMENEZ, FERNANDO M & LOKAR,  
ADAM M
- 39. KANNEGAARD, MAVERICK
- 40. KIRK, KIMBERLY
- 41. KREMBS, BRIAN & JENNIFER
- 42. LAMKIN, DIANE
- 43. LAW OFFICES OF CHRISTON C  
SKINNER
- 44. LEDESMA, FILEMON
- 45. LEWIS, STACEY KAY
- 46. MAGNUSON, ROSLYN & JEFFREY
- 47. MASON, GARY
- 48. MASON, KRISTOPHER C
- 49. MCDONALD, CINDY
- 50. MERRITT, JENNI & SHANE
- 51. MIKE'S CAFÉ AND WINE BAR
- 52. MITCHELL, DAVID P
- 53. NAKANISHI, HIDEYUKI
- 54. OBREGON, DANIEL
- 55. O'BRIEN, MARJORIE
- 56. ODEGARD, SVEINUNG
- 57. PREYSZ, MIKLOS P & LESLEY
- 58. RENSHAW, JORDAN & RANGEL,  
JAIME
- 59. RICHTER, PAUL R
- 60. ROLSTAD, ERIC
- 61. ROULEAU, EDIE
- 62. SALAS-TRUJILLO, GABRIELLA
- 63. SCHULER, ERIC C & TERESA
- 64. SHAFRAN, HOWARD
- 65. SMITH, DEBRA MARIE
- 66. SORENSON, LARS
- 67. THE CLEARING, SPC

- 68. THE GREEN HOUSE CAFÉ
- 69. TOOLSON, JEFF & SUZANNE
- 70. WARREN, GUY D & WHETSTONE,  
KAREN
- 71. WHITE, THOMAS, A
- 72. WILKIE, MARION
- 73. WILLIAMS, HUGH H

**SHAW**

- 74. JONES, BRADLEY B. & KELLEY M.

## Capital Credits June 2013

Application has been made for payment of capital credits to the estates of the following deceased members:

Reynold V. Dickhaus .....	\$1,356.73
Franklin E. Dillard Jr. ....	\$ 705.53
Shirley Miner.....	\$1,044.41
Frank E. Morrison .....	\$ 763.05
Kathy Sims .....	\$ 345.04
L. J. Welk.....	\$ 443.82
 <b>Total .....</b>	 <b>\$4,658.58</b>

MEMORANDUM

May 6, 2013

TO: Board of Directors  
FROM: Randy Cornelius, General Manager  
RE: RUS Form 219s *Inventory of Work Orders*

The following projects were completed from the Construction Work Plan:

March 2013 ..... \$61,145.93

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$61,145.93.

MEMORANDUM

June 12, 2013

TO: Board of Directors

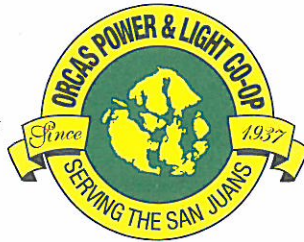
FROM: Randy J. Cornelius

RE: Resolution 5-2013 *RUS Signing Authority*

This resolution allows either Foster Hildreth, Russell Guerry or myself to sign for RUS loan funds.

# ORCAS POWER & LIGHT COOPERATIVE

A Touchstone Energy Co-op



Eastsound Office  
183 Mount Baker Road  
Eastsound, WA 98245-9413  
p:(360) 376-3500 f:(360) 376-3505  
www.opalco.com

## BOARD OF DIRECTORS RESOLUTION 5-2013 RUS Signing Authority

**RESOLVED** that the Board of Directors authorizes Randy J. Cornelius, General Manager; J. Foster Hildreth, Assistant General Manager and Russell Guerry, Manager of Engineering & Operations to sign Form 595 *Financial Requirement & Expenditure Statement* in connection with requisitioning and accounting for Loan Funds.

## CERTIFICATION OF SECRETARY

I, Jim Lett, Secretary of Orcas Power and Light Cooperative, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Orcas Power and Light Cooperative, held on the 20<sup>th</sup> day of June 2013 at which meeting a quorum was present.

SEAL

\_\_\_\_\_  
Jim Lett, Secretary



## MEMORANDUM

June 13, 2013

TO: Board of Directors  
FROM: Randy J. Cornelius  
RE: Broadband Initiative

The purpose of this report is to provide staff with clarity of our Broadband effort moving forward.

### **Broadband Vision:**

Extend OPALCO's fiber optic and communications infrastructure in support of electric system and for the benefit of our membership by allowing data service providers access to our infrastructure. Our intent is to pay for incremental growth in communication infrastructure through user fees and leases.

### **Direction:**

- A. OPALCO is to isolate its communication infrastructure for the electric system. This means that there will be some capital improvement projects on OPALCO's communication system to isolate OPALCO's capacity/SCADA systems.
- B. OPALCO will be taking an "infrastructure provider" approach for providing members with access to OPALCO's communication infrastructure. The main areas for potential deployment include, but are not limited to, fiber optic backhaul support for ISPs (e.g. CenturyLink, Rock Island, Orcas Online, Island Network, etc.), wireless infrastructure and direct fiber optic connection (fiber to the premises--FTTP).
- C. New infrastructure will be built to RUS standards (pre-engineered, environmental issues addressed, post project inspection and sign off).
- D. Future deployment will be based on paying back the incremental cost of capital infrastructure through lease agreements. The lease rates are not to include backbone allocations.
- E. Lease arrangements are to be non-exclusive in nature with OPALCO retaining ownership of this infrastructure.
- F. Staff will continue open dialogue communications with our membership while honoring confidentiality agreements.

### **Recommended Staff Directives:**

- A. CenturyLink: Authorize staff to negotiate lease agreements with CenturyLink based on the above parameters.

- B. Spectrum: Purchase of the 700 MHz licensed spectrum as a backbone infrastructure component and explore potential leasing options with ISPs.
- C. System Design: Authorize staff to move forward with backbone communication infrastructure design, with expansion capability for backhaul fiber optic, wireless and FTTP deployment.
- D. Island Network: Position Island Network as an ISP and lift the moratorium once designs and rate structures are completed and approved by the Board.
- E. Broadband Manager: Approve a new Broadband Manager staffing position and have staff initiate the hiring process.

Staff recommends that the Board make a motion to approve the staff directives listed above.

MEMORANDUM

June 13, 2013

TO: Board of Directors

FROM: Randy J. Cornelius

RE: NRECA Retirement Security Plan – Erik Hayes, Relationship Manager

Erik Hayes will be in attendance to give an overview of the NRECA Retirement Security Plan as requested at the April Board meeting.

Erik replaces Bob Alvin in this position, having relocated from Texas to Bellevue this past month.



MEMORANDUM

June 13, 2013

TO: Board of Directors  
FROM: Randy J. Cornelius  
RE: BPA Account Executive

Stuart Clarke will be in attendance to introduce his replacement once he retires in August. Marcus Perry will be our Account Executive in the future.

**ORCAS POWER & LIGHT COOPERATIVE**  
**POLICY 1**  
**FUNCTIONS OF THE BOARD OF DIRECTORS**  
**DRAFT REVISIONS (See Section 14)**

***Preamble***

This policy is the responsibility of the Board and it may only be changed or amended by the Board.

Board Governance policies are intended to define the Governance activities of the Board of Directors and their functioning within the Organization.

Board-authorized documents such as Mission and Values Statements and Strategic Directives will provide further guidance and instructions to the Organization.

**1. BOARD ETHICAL STANDARDS**

The Board may neither cause nor allow any Organizational practice or event that is imprudent or unethical, or that could damage the short-term or long-term viability of OPALCO.

**2. CONFIDENTIALITY**

Directors are entitled to reasonable access to Organizational data and information.

Directors are required to keep confidential all matters involving the cooperative that have not been disclosed to the public. Information received by a director shall not be disclosed to any other persons unless the director reasonably believes that he or she must do so to fulfill his fiduciary duty.

**3. DIRECTOR CONDUCT**

Regardless of any personal differences, directors are required to:

- 3.1 Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- 3.2 Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- 3.3 Publicly support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision or action will bring harm to the cooperative or threaten the cooperative's survival.
- 3.4 Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)
- 3.5 Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.

#### **4. CONFLICT OF INTEREST DISCLOSURE**

Board members are required to disclose any potential conflict of interest with regard to ongoing or specific transactions on any matters before the Board and shall attest that they have no material undisclosed conflict of interest situations in writing annually.

#### **5. BOARD MEMBER QUALIFICATIONS**

- 5.1 Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.
- 5.2 Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.
- 5.3 Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.
- 5.4 Board members are required to complete one or more relevant ongoing one day educational sessions during each additional three years of tenure.
- 5.5 Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

#### **6. BOARD POLICIES AND STRATEGIC DIRECTIVES**

- 6.1 The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.
- 6.2 Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.
- 6.3 Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.
- 6.4 Any Board member may propose a new policy or amendment to a current policy.
- 6.5 All Board Policies and Strategic Directives shall be maintained up-to-date in a format that is available to every Board member,
- 6.6 The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

#### **7. STRATEGIC PLANNING**

The Board shall set the Cooperative's mission and purposes, engage in strategic planning on a regular basis and produce Strategic Directives, to be reviewed and updated at least annually.

## **8. OVERSIGHT**

The Board shall provide oversight including the adoption of policies and monitoring for compliance with legal and regulatory requirements as well as the adequacy of internal controls, primarily through appropriate use of Auditors and Legal Counsel.

## **9. BOARD INTERACTION WITH AUDITORS**

The Board shall approve an engagement agreement for annual audit services to be provided to the cooperative that:

- 9.1 Requires pre-approval by the Board for all services to be provided by the audit firm.
- 9.2 Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.
- 9.3 Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.
- 9.4 If a multi-year agreement, provides for regular rotation of the lead audit partner.
- 9.5 Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

## **10. BOARD INTERACTION WITH LEGAL COUNSEL**

The Board shall:

- 10.1. Make all decisions regarding retaining, employing, and discharging attorneys for the cooperative.
- 10.2. Reaffirm that the attorney represents the cooperative and does not represent individual directors, officers, employees, or members or affiliated entities of the cooperative, unless the Board consents to such representation and the attorney has complied with applicable conflict of interest requirements.
- 10.3. Require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.
- 10.4. Require the attorney to report evidence of any actual or intended material violation of law or material breach of duty that would likely cause substantial harm.

## **11. BOARD INTERACTION WITH THE COMMITTEE ON NOMINATIONS**

This policy is intended to provide guidance for the Board and the Committee on Nominations and in no way overrides nor supersedes any requirement in OPALCO Bylaws or Articles of Incorporation, or other applicable state or federal requirements.

### **Committee on Nominations Purpose**

To facilitate the ability of the membership to elect board members most qualified and appropriate to serve in the best interests of OPALCO as a member-owned non-profit cooperative.

To both recruit members who are competent, willing and able to commit to serve on the OPALCO board if elected.

11.1 The Board will act to minimize conflict of interest exposure of staff in the Board election process.

### **11.2 Committee on Nominations Appointment**

The OPALCO Board as a whole will propose and consider suitable qualified members from the Voting District and will appoint the members of each Committee on Nominations.

### 11.3 Committee on Nominations Preparation

The Board will instruct members of the Committee on Nominations to meet with OPALCO staff for a Board approved orientation.

### 11.4 Election Notifications

The Board will direct the General Manager to have notices placed on appropriate visible public bulletin boards, newspapers, websites, and other appropriate media as soon as practicable after the Committee on Nominations appointment. These notices will serve to attract and facilitate interested candidates to contact the Committee on Nominations.

## 12. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation.

### 12.1 Board Interaction with General Manager

12.1.1 The Board will direct the General Manager to achieve specific results within the restraint of specific limitations. He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that do not transgress the limitations imposed.

12.1.2 The Board may change its policies and thus the expectations or limitations imposed on the General Manager. So long as any particular delegation is in place the Board members will respect and support the General Manager's choices.

12.1.3 All Board authority is delegated through the General Manager. The General Manager is to be considered the only employee of the Board.

12.1.4 Only decisions of the Board acting as a body are binding upon the General Manager.

12.1.5 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.

12.1.6 In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive.

### 12.2 General Manager Relationship Review

The Board shall ensure that the General Manager knows and understands the expectations and limitations it has placed on discretionary decision making. These expectations and limitations shall be identified in approved policies or directives. Such policies and directives shall be used as the foundation for the annual appraisal of the General Manager's performance.

## 13. BOARD SELF-EVALUATION

The Board shall complete an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of OPALCO, to confirm its compliance with all relevant policies and procedures, and to review its working methods and contribution to OPALCO.

## 14. Board SubCommittees

14.1 Board Subcommittees will be formed, defined, controlled, and dissolved by action of the Board;

14.2 Authority of any sub-committee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;

14.3 Membership will be determined and controlled by the Board, preferably two and no more than three board members;

14.4 Employee involvement will only be with the agreement of the General Manager;

14.5 Reports of a subcommittee including employees will include the General Manager;

14.6 Communications with employees will be copied to the General Manager.

### 14.6.1 Examples:

14.6.1.1 Purpose may be to review methods, plans, or results, propose solutions, strategic directives, etc.

14.6.1.2 Duration may be limited or perpetual at the pleasure of the Board, etc.  
(Examples: finance, capital projects, insurance, safety, special projects, etc.)

---

Christopher Thomerson, Board President

Effective Date \_\_\_\_\_

## **APPENDIX 1 (Formerly Section 14)**

### **BYLAWS MANDATED BOARD WORK**

#### Annual Meeting

##### Date Selection

The Board selects the date for Annual Meeting according to Bylaws, Article II Section1.

##### Report

The Officers report the condition of the cooperative at the Annual Meeting according to Bylaws, Article V Section12.

#### Audit

The Board provides for an annual audit. The Officers present an audit summary at the next annual meeting which follows after completion of each audit according to Bylaws Article III Section 7.

#### Board of Directors

##### Committee on Nominations

The Board appoints a Committee on Nominations for each election according to Bylaws, Article III Section 3.

##### Compensation

The Board sets a fixed sum and expenses for attendance of meetings on behalf of the Coop. according to Bylaws Article III Section 5.

##### Vacancy Replacements

The Board fills vacancies according to Bylaws, Article III Section 4.

#### Bylaws

##### Amendments

The Board shall make necessary Bylaws amendments according to Bylaws Article XIV Section1.

#### Contracts

The Board may authorize any officer or agent to enter into contracts on behalf of the Coop in general or in specific instances according to Bylaws Article VII Section1.

#### Capital Credits

The Board shall be responsible for establishing policies for the retirement of capital credits and shall review and approve the payout of retired capital credits.

At the Board's discretion, discounted rate retirements may be used to reduce outstanding or delinquent billing amounts. Board approval is required for retirement payments according to Bylaws Article VIII Section 2.

The Board may distribute forfeit capital credits to the "Education and Promotion Fund" or the "Retirement and Replacement Fund" according to Bylaws Article VIII Section 5.

### Disposition of Assets

The Board may dispose of unnecessary property not exceeding 10% of the value of all property of the Cooperative according to Bylaws Article X Section 1.

### Members

#### Expulsion

The Board shall expel any member according to Bylaws Article I Section 6.

#### Membership fee

The Board sets the initial membership fee according to Bylaws Article I Section 3.

#### New Members

The Board approves new memberships according to Bylaws Article I Section 2

### Other Organizations

The Board shall authorize membership in other organizations according to Bylaws Article XII.



## MEMORANDUM

Date: June 12, 2013

To: Board of Directors

From: Randy Cornelius, General Manager

Re: 2013 First Quarter Financials

The 2013 first quarter financial results are being sent as a separate file for review prior to the Board meeting. Included in the report are the Balance Sheet, Statement of Operations (along with a Notable Drivers analysis), Statement of Cash Flow (abbreviated), Island Network Financial Tracking Tool, Capital Projects Budget, Broadband expenses through April 2013, and the March 2013 RUS Form 7.

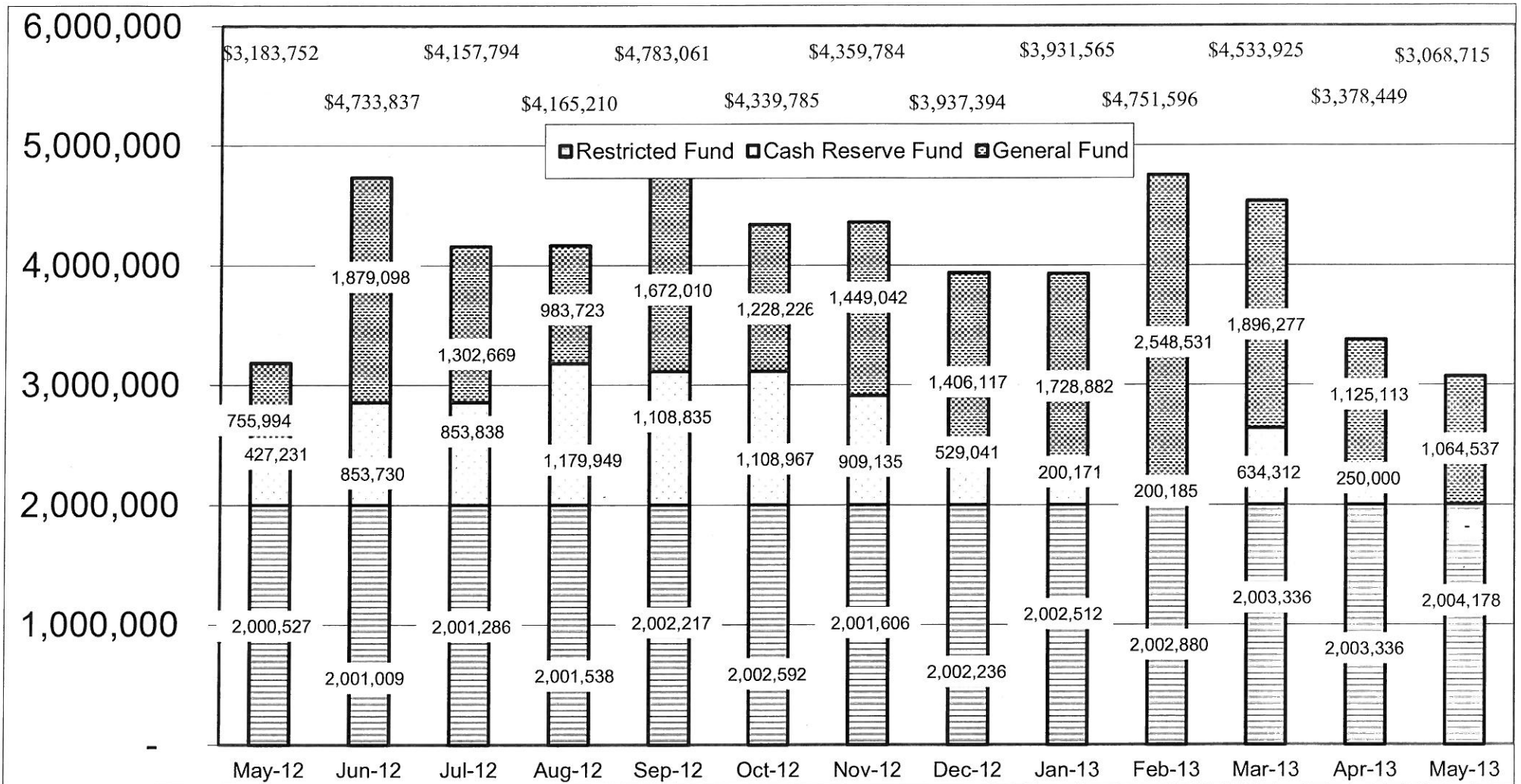
Staff will be available to discuss the information in detail during the June 20 Board meeting.

**Orcas Power and Light Cooperative**  
**Cash Recap**  
**May 31, 2013**

	Rate	Term	Due Date	Amount	Total Balance
<b>GENERAL FUNDS:</b>					
Cash on Hand				600	
Cash in Checking - Key Bank				(36,384)	
Cash in Checking/MMDA/Construction - Islanders Bank				733,617	
Cash in Checking/Savings/Payroll - Wells Fargo				366,704	
SUBTOTAL GENERAL FUNDS					1,064,537
<b>CASH RESERVE FUND:</b>					
SUBTOTAL CASH RESERVE FUND					0
<b>RESTRICTED FUND:</b>					
CFC Select Notes	0.4500%	160	41,430	351,366	
CFC Select Notes	0.4200%	160	41,464	278,095	
CFC Select Notes	0.4100%	160	41,493	351,548	
CFC Select Notes	0.4200%	160	41,515	200,000	
CFC Select Notes	0.4000%	160	41,562	350,767	
CoBank - AIM				151,606	
Home Street Bank	0.2500%	365	41,576	104,743	
Washington Federal Savings	0.4000%	365	41,607	107,460	
Washington Federal Savings	0.4000%	365	41,778	108,593	
SUBTOTAL RESTRICTED FUNDS					2,004,178
GRAND TOTAL FUND ENDING BALANCE 5/31/13					<u>3,068,715</u>
Project PAL: Islanders Bank				<u>20,334</u>	
MORE Program: Islanders Bank				<u>157,241</u>	
RUS Cushion of Credit *	5.000%			<u>995,442</u>	
<b>CASH PROJECTION:</b>					
<b>June 30, 2013</b>					
<b>GENERAL FUNDS:</b>					
Beginning Cash 5/31/13				1,064,537	
Estimated Revenue (based on 95% of billing)				1,501,637	
Estimated Other Revenue				20,000	
RUS Loan Draw (6/10)				1,500,000	
Transfer From RUS Cushion of Credit				100,000	
Subtotal Cash/Revenue					4,186,174
Estimated Accounts Payable				(800,000)	
Estimated Payroll and Benefits				(656,000)	
Estimated CFC and RUS Principal and Interest Payment				(155,000)	
Power and Transmission Bill (May bill)				(342,060)	
Transfer to RUS Cushion of Credit Fund				(500,000)	
Transfer to Cash Reserve Fund				(600,000)	
Subtotal Expenses					(3,053,060)
Projected Ending Balance 6/30/13					1,133,114
<b>CASH RESERVE FUND:</b>					
Beginning Cash 5/31/13				0	
Transfer From General Fund				600,000	
Transfer To General Fund				0	
Projected Ending Balance 6/30/13					600,000
<b>RESTRICTED FUND:</b>					
Beginning Cash 5/31/13				2,004,178	
Transfer To General Fund				0	
Projected Ending Balance 6/30/13					2,004,178
PROJECTED GRAND TOTAL FUND ENDING BALANCE 6/30/13					<u>3,737,293</u>
PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 6/30/13					<u>668,577</u>
<b>RUS CUSHION OF CREDIT*:</b>					
Beginning Balance 5/31/13				995,442	
Fund Increase From General Fund				500,000	
Estimated Loan Principal and Interest Payment				(100,000)	
Projected Ending Balance 6/30/13					<u>1,395,442</u>

\* represents advance payments unapplied for RUS long term debt

# TOTAL FUND BALANCE





## ORCAS POWER & LIGHT COOPERATIVE

### UNSCHEDULED OUTAGE REPORT: APRIL 2013

OUTAGE CODE	CAUSE OF OUTAGE	DISTRICT			2013 TOTALS: APRIL		
		ORCAS	SJ	LOPEZ	APR PTD	MAR YTD	YTD TOTAL
001	Power Supplier-Bonneville	-	-	-	0	0	0
002	Power Supplier-Puget Power	-	-	-	0	0	0
100	OPALCO Construction	-	-	-	0	0	0
200	Severe Storm	-	-	-	0	0	0
300-303	Faulty Equipment/Installation	-	-	-	0	0	0
350	Sectionalizing	-	-	-	0	0	0
351	Fuses/Fusing	-	-	-	0	1	1
352/353	Electrical/CAL/Transformer Overload	-	-	-	0	2	2
400	Underground Cable Failure	1	1	2	4	4	8
401	Contamination/Leakage (Equip. Fail.)	-	-	-	0	0	0
402/403	Aging Material/Equipment	-	-	-	0	0	0
450	Trees/Right of Way	-	-	-	0	0	0
500/509	Weather (Other than Severe Storm)	-	-	-	0	2	2
600	Small Animals/Rodents	-	1	-	1	0	1
601	Birds	-	-	-	0	0	0
602	Birds-Endangered (Swans; Eagles)	-	-	-	0	1	1
603	Large Animals	-	-	-	0	0	0
700/701	Cable Dig-In	-	-	-	0	1	1
702	Traffic Accident	-	1	-	1	0	1
703	Fire	-	-	-	0	1	1
704	Substation Vandalism	-	-	-	0	0	0
705	Construction	-	-	-	0	0	0
709	Public Caused Outage	-	-	-	0	1	1
800	Member Secondary Outage	-	-	-	0	2	2
900	Cause Unknown	-	-	-	0	0	0
<b>PTD/YTD OUTAGES: APRIL 2013</b>		<b>1</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>15</b>	<b>21</b>
<b>PREVIOUS YEAR PTD/YTD OUTAGES: APRIL 2012</b>		<b>5</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>44</b>	<b>54</b>



# ORCAS POWER & LIGHT COOPERATIVE

## UNSCHEDULED OUTAGE REPORT: MAY 2013

OUTAGE CODE	CAUSE OF OUTAGE	DISTRICT			2013 TOTALS: MAY		
		ORCAS	SJ	LOPEZ	MAY PTD	APR YTD	YTD TOTAL
001	Power Supplier-Bonneville	-	-	-	0	0	0
002	Power Supplier-Puget Power	-	-	-	0	0	0
100	OPALCO Construction	-	-	-	0	0	0
200	Severe Storm	-	1	-	1	0	1
300-303	Faulty Equipment/Installation	-	-	-	0	0	0
350	Sectionalizing	-	-	-	0	0	0
351	Fuses/Fusing	-	-	-	0	1	1
352/353	Electrical/CAL/Transformer Overload	-	-	-	0	2	2
400	Underground Cable Failure	1	-	-	1	8	9
401	Contamination/Leakage (Equip. Fail.)	-	-	-	0	0	0
402/403	Aging Material/Equipment	-	-	-	0	0	0
450	Trees/Right of Way	-	-	-	0	0	0
500/509	Weather (Other than Severe Storm)	-	-	-	0	2	2
600	Small Animals/Rodents	-	-	-	0	1	1
601	Birds	-	-	-	0	0	0
602	Birds-Endangered (Swans; Eagles)	-	-	-	0	1	1
603	Large Animals	-	-	-	0	0	0
700/701	Cable Dig-In	-	-	-	0	1	1
702	Traffic Accident	-	-	-	0	1	1
703	Fire	-	-	-	0	1	1
704	Substation Vandalism	-	-	-	0	0	0
705	Construction	-	-	-	0	0	0
709	Public Caused Outage	-	-	1	1	1	2
800	Member Secondary Outage	-	-	-	0	2	2
900	Cause Unknown	-	-	-	0	0	0
<b>PTD/YTD OUTAGES: MAY 2013</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>21</b>	<b>24</b>
<b>PREVIOUS YEAR PTD/YTD OUTAGES: MAY, 2012</b>		<b>5</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>54</b>	<b>61</b>

Date: June 10, 2013

To: Randy Cornelius, General Manager

From: Russell Guerry, Manager of Engineering & Operations

Subject: Operations Safety Program – April & May 2013

Jeff Myers of Columbia REA reviewed Fire Safety and fire extinguisher use during the April meeting and Grounding Methods and Practices during the May meeting.

**Accidents/Incidents/Near Miss**

**Date:** N/A

**Type:**

**Description:**

**Action Taken:**

	<b>May 2013</b>	<b>YTD (2013)</b>
<b>Near Misses</b>	0	0
<b>Incidents</b>	0	0
<b>Accidents</b>	1	2
<b>Loss Time</b>	0	0

Total Hours Worked without Loss Time Accident: 320,753

## **MANAGER'S REPORT**

**June 2013**

### **Annual Meeting**

The 2013 Annual Meeting aboard the M/V Elwha on May 4 was attended by 347 people, 231 of whom were members. A quorum is 100 members.

Five Eastsound staff spent the night in Friday Harbor in order to board the 5:50 a.m. ferry to set up for the meeting, along with one Friday Harbor staffer. Registration was improved by having two laptops and extra staff at each location.

Two charter boats were hired to carry members/guests from San Juan Island to Orcas Island. Reservations were taken for 85.

For the second year, OPALCO contracted with Survey and Ballot Systems (SBS) for hybrid voting. A total of 2,480 absentee ballots were cast; 1706 paper and 774 web. (2012 ballots: 1,763 with 1,360 paper ballots and 403 web ballots). There were 113 ballots cast at the meeting.

The election outcome is as follows:

District 3:     Jim Lett 1188  
                   Bob Myhr 1499  
                   Dwight Lewis 728  
                   Jerry Gonce 440  
                   Michael Karp 974

District 4:     John Bogert 1856

Lunch was catered by Galley Catering of Lopez Island and distributed in reusable, insulated bags with the OPALCO logo.

Each member was given a cutting board, a produce bag and a flash drive preloaded with pertinent information.

### **Finance**

#### **2013 1<sup>st</sup> Quarter Financial Statement Review**

Staff will be presenting the 2013 1<sup>st</sup> Quarter review of the financial statements and capital projects at the June board meeting.

#### **2012 Form 990 Return of Organization Exempt from Income Tax**

Staff is currently preparing information to provide to Moss Adams for the preparation of the draft Exempt Organizations 2012 tax returns.

#### **2012 Capital Credit Allocation**

Based on the Board's approval of the 2012 financial statements at the April board meeting, staff performed the 2012 capital credit allocation process that will appear as a notification on the June 14 (Cycle 2) and June 27 (Cycle 2) member bills.

#### **REDL Application for Lopez Fire**

REDL application for the Lopez Fire Project was filed with Rodney Peach, USDA State Business and Cooperative Program Specialist. A response to the application is expected within the month.

Staff is currently working with Anderson Hunter on the development of the loan agreements that will be executed with Lopez Fire District once the federal funds are received from the USDA.

### **RUS Loan Draw**

A \$1.5M loan draw application was filed in May, with the funds received on June 10, 2013. Funds are earmarked for capital projects to be completed during 2013.

### **PAL 501c(3) Application Process Research**

At the April Board meeting staff was requested to study the implications of OPALCO transitioning our PAL program into a 501c(3). Staff is currently working on the research associated with applying for federal tax-exempt status for the Project Pal Program. Initial indications are that the program will need to be formed as a corporation, requiring Articles of Incorporation and bylaws, a full description of the proposed activity, and financial statements. The State of Washington has a similar application process. Additional annual reporting and filing requirements also exist. Staff plans on providing a full outline of the process and additional costs associated with the formation and continued maintenance of the new entity at the July board meeting. At that time, we will be better informed as to our options moving forward.

### **Member Services**

#### **New My Usage Tool/MDM (Meter Data Management)**

Member Services staff launched the new "My Usage" tool in May and has been increasing Ebill enrollment by describing My Usage benefits and cost savings to members. Ebill enrollment has increased by 68 members since May 1.

#### **Enhanced Payment Remittance Tools**

Member Services is working on two new tools to increase payment remittance efficiency:

- Online Banking Interface (OBI) – member payments made via bank bill pay services will arrive at OPALCO and post to electric accounts within 24 hours. The current service level is 8-10 days to receive and process a paper check from member banks. Cost is 10 cents per check with OBI vs 80 cents per check for manual processing by Member Services staff.
- Remit Plus electronic submission – allows for electronic deposit of scanned check items directly to Islanders Bank. This increases speed of deposits by 18 hours and improves processing accuracy between OPALCO and Islanders Bank.

### **Engineering & Operations**

As of 6/7/2013, there are 271 work orders open totaling \$2,312,583. Operations has completed construction on 193 of those work orders, totaling \$2,308,086.72.

#### **Island Network/Technical Services**

Island Network was awarded a contract in April 2013 to provide 50 Mbps service between Peace Island Medical Center in Friday Harbor and St. Joseph Medical Center in Bellingham. Island Network is now Peace Island's primary telecommunications provider.

NoaNet, Island Network's largest subscriber, has been working on contracts to provide 100 Mbps fiber service to T-Mobile and AT&T cell tower sites. To date four (4) sites have been approved



and are in the construction process. One of the sites is at Roche Harbor, so the fiber line will be extended from the Roche Harbor substation to Roche Harbor proper within the next few months.

At the end of May, Microsoft released a regular update that caused a major issue with the OPALCO servers. Everyone throughout the US had similar issues with that particular update, so OPALCO was not alone. The Technical Services team did an outstanding job working through the issues and implementing solutions. All systems are now working properly.

National Information Solutions Cooperative (NISC) began experiencing issues with their Meter Data Management solution; know internally as "My Usage & Billing". NISC wrote a "Smart Hub Lite" application as a stopgap measure until OPALCO has the full "Smart Hub" application installed in October 2013. The transition went smoothly, so users did not likely notice a difference.

### **Energy Services**

Rebates for commercial projects were disbursed as follows:

- \$15,743.97 to the San Juan Island School District for the Friday Harbor Elementary School Heat Pump Project; 118,675 kWh savings
- \$6,440 to Orcas Emmanuel Episcopal Church for weatherization; 18,401 kWh savings
- \$10,775 to Islanders Bank for commercial lighting upgrades at all three branches (San Juan, Lopez, and Orcas); 50,390 kWh savings.

BPA has reviewed and accepted OPALCO's proposal for the Lopez Ferry Road Reconductor custom project. The estimated cost is \$92,200 with an estimated BPA rebate of \$19,140. Annual busbar energy savings of 76,561 kWh are expected.

Elmhurst Mutual Power and Light Cooperative, with BPA's approval, agreed to transfer \$100,000.00 of their Energy Efficiency Incentive Fund (EEI) to OPALCO's EEI Fund.

Energy Services staff made a special visit April 30 to Orcas Island elementary's 5<sup>th</sup> grade class to teach the students ways to be more energy efficient. Comparisons were done between incandescent bulbs and LEDs and the students learned how to calculate the energy savings on these two light mediums. A Kill-A-Watt meter was left with the class.

Attached is a statement showing expenditures from OPALCO's Energy Efficiency Incentive (EEI) fund through BPA's 2<sup>nd</sup> quarter FY 2013. OPALCO was awarded \$218,663 for FY 2013 and had \$21,603 remaining from FY 2012 for a total of \$240,266. As of the end of BPA's second Quarter FY 2013, \$204,757 has been expended with 858,551 kWh savings reported.

## ORCAS POWER & LIGHT COOPERATIVE

### BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

#### DETAIL: 2nd QUARTER FY 2013

		A.	B.	C.	D.
		FY 2013			
		ACTUAL PERIOD END	Number of Measures	kWh Savings	Reimbursement per kWh (A / C)
<b>Revenue</b>					
1	BPA Funding (EEI)	(235,600)	-	(1,000,000)	
2	1st Quarter FY 2013 Expenses	106,490	-	413,495	
	<b>Subtotal Revenue</b>	(129,110)	-	(586,505)	
<b>Expenses</b>					
	(2nd Quarter FY 2013 Expenses)				
3	Ductless Heat Pumps	\$ 9,000	6	22,896	0.39
4	Storage Water Heaters	\$ 75	3	422	0.18
5	Heat Pump Water Heaters	\$ 1,800	6	5,154	0.35
6	PTCS Duct Sealing	\$ 400	1	1,284	0.31
7	Efficient Clothes Washers	\$ 1,725	25	5,834	0.30
8	Efficient Showerheads	\$ 40	2	548	0.07
9	Efficient Windows	\$ 10,925	10	49,402	0.22
10	Energy Star -Direct Install Bulbs	\$ 992	305	6,007	0.17
11	Energy Star Refrigerators/Freezers	\$ 165	11	516	0.32
12	Efficient Insulation	\$ 20,640	33	68,848	0.30
13	Thermostats	\$ 115	1	469.00	0.25
14	PTCS Air Sealing	\$ 1,610	4	5,348	0.30
15	PTCS Heat Pumps	\$ 500	1	1,440	0.35
16	Custom Projects (Commercial)	\$ 15,744	1	118,675	0.13
17	Commercial Lighting	\$ 34,536	8	158,213	0.22
18		\$ 98,267		445,055	0.26
19	<b>EEI Balance</b>	<u><u>\$ (30,844)</u></u>	<u><u></u></u>	<u><u>(141,450)</u></u>	<u><u></u></u>

# ORCAS POWER & LIGHT COOPERATIVE

## BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

### SUMMARY: Fiscal Year 2013

		BPA EEI Reimbursement	kWh Savings
<b>Revenue</b>			
1	BPA Funding (EEI)	(235,600)	(1,000,000)
	<b>Subtotal Revenue</b>	<b>(235,600)</b>	<b>(1,000,000)</b>
<b>Expenses</b>			
<b>1st Quarter (October 1, 2012 - December 31, 2012)</b>			
2	Residential	78,439	242,580
3	Commercial	28,051	170,916
	<b>Subtotal 1st Quarter</b>	<b>106,490</b>	<b>413,496</b>
<b>2nd Quarter (January 1, 2013 - March 31, 2013)</b>			
4	Residential	47,987	168,167
5	Commercial	50,280	276,888
	<b>Subtotal 2nd Quarter</b>	<b>98,267</b>	<b>445,055</b>
	<b>Total Expense</b>	<b>204,757</b>	<b>858,551</b>
	<b>EEI Balance</b>		
		<b>(30,844)</b>	<b>(141,450)</b>

## NEW SERVICES

April 2013

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction /Crane/Shaw	Total
Residential	2	5	1			8
Commercial						0
Line Retention						0
Other - OPALCO						0
Total*	2	5	1	0	0	8
2013 YTD	7	18	2		1	28
2012 YTD**	5	18	6		1	30
2011 YTD**	6	16	7		3	32
2010 YTD	21	31	10		2	64
2009 YTD	35	40	3		1	79

\*Figures have been queried from the Service Order billing module and reconciled to the RUS Form 7 New Service numbers.

\*\*7 services for Lopez and 2 services for Shaw/Blakely were closed in February 2012, but meters were set in 2011. These 9 new service points will be reconciling items in 2011/2012.

## NEW SERVICES

May 2013

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction /Crane/Shaw	Total
Residential	2	4	1			7
Commercial						0
Line Retention						0
Other - OPALCO						0
Total*	2	4	1		0	7
2013 YTD	9	22	3		1	35
2012 YTD**	14	26	8	2	2	52
2011 YTD**	13	26	7		3	49
2010 YTD	22	34	12		2	70
2009 YTD	44	55	4	1	1	105

\*Figures have been queried from the Service Order billing module and reconciled to the RUS Form 7 New Service numbers.

\*\*7 services for Lopez and 2 services for Shaw/Blakely were closed in February 2012, but meters were set in 2011. These 9 new service points will be reconciling items in 2011/2012.

# OPALCO

## Historical MORE Revenue

(All Green kWh and MORE Blocks)

### For Years 2011 - 2013 YTD

Month	2011 YTD							2012 YTD							2013 YTD						
	All Green			Green Power Blocks			Total Revenue	All Green			Green Power Blocks			Total Revenue	All Green			Green Power Blocks			Total Revenue
	#	kWh	Revenue	#	#	Block		#	kWh	Revenue	#	#	Block		#	kWh	Revenue	#	#	Block	
	Members	kWh	Revenue	Members	Blocks	Revenue		Members	kWh	Revenue	Members	Blocks	Revenue		Members	kWh	Revenue	Members	Blocks	Revenue	
			\$ 0.04			\$ 4				\$ 0.04			\$ 4				\$ 0.04			\$ 4	
Jan	46	50,160	2,006	478	948	3,792	5,798	44	47,428	1,897	454	970	3,880	5,777	43	54,479	2,179	433	921	3,684	5,863
Feb	44	41,550	1,662	448	947	3,788	5,450	43	37,664	1,507	452	962	3,848	5,355	43	50,927	2,037	432	918	3,672	5,709
Mar	41	41,906	1,676	446	949	3,796	5,473	42	37,682	1,507	449	953	3,812	5,319	42	42,787	1,711	429	915	3,660	5,371
Apr	41	33,629	1,345	446	950	3,800	5,146	42	27,636	1,105	449	953	3,812	4,917	42	31,063	1,243	427	904	3,616	4,859
May	42	31,336	1,253	450	956	3,824	5,077	42	21,993	880	448	952	3,808	4,688	41	21,699	868	426	897	3,588	4,456
Jun	42	21,813	873	455	971	3,885	4,758	43	20,335	813	448	952	3,808	4,621	-	-	-	-	-	-	-
Jul	43	21,335	853	464	987	3,948	4,801	43	19,649	786	449	953	3,812	4,598	-	-	-	-	-	-	-
Aug	43	20,004	800	466	990	3,960	4,760	43	22,457	898	446	948	3,792	4,690	-	-	-	-	-	-	-
Sep	45	25,959	1,038	465	985	3,940	4,978	42	13,136	525	443	947	2,530	3,055	-	-	-	-	-	-	-
Oct	44	25,321	1,013	464	984	3,936	4,949	42	21,162	846	443	947	3,788	4,634	-	-	-	-	-	-	-
Nov	46	40,308	1,612	458	972	3,888	5,500	44	30,335	1,213	438	943	3,772	4,985	-	-	-	-	-	-	-
Dec	45	49,303	1,972	458	972	3,888	5,860	43	43,849	1,754	437	929	3,716	5,470	-	-	-	-	-	-	-
Total	44	402,624	\$ 16,105	458	11,611	\$ 46,446	\$ 62,551	43	343,326	\$ 13,733	446	11,409	\$ 44,378	\$ 58,111	42	200,955	\$ 8,038	429	4,555	\$ 18,220	\$ 26,258

Notes: 2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.  
Beginning June 2011, this report reflects combined data for the former Green Power program and MOI.  
Beginning September 2012, half of the members were transitioned to a mid-month billing cycle; these members were billed for 15 days of consumption, a prorated basic charge, and prorated MORE blocks on 9/14/12.

## OPALCO Member Billing Revenue History

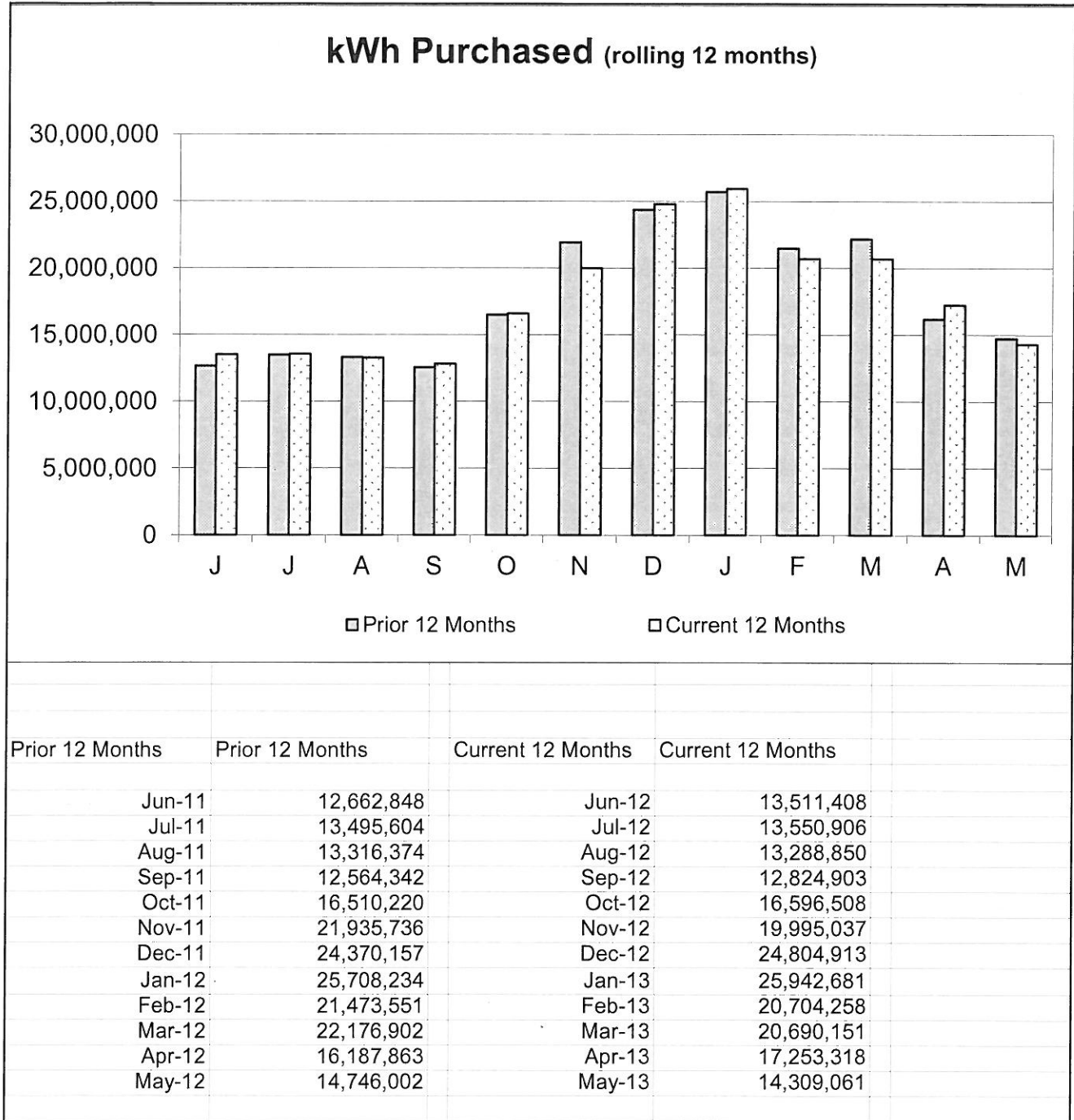
Month	2009	2010	2011	2012	2013	Average
January	\$ 2,542,345	\$ 2,091,129	\$ 2,266,724	\$ 2,203,319	\$ 2,354,732	\$ 2,291,650
February	2,109,273	1,684,100	2,018,866	1,980,380	2,190,659	1,996,656
March	1,868,966	1,693,238	2,100,947	2,080,586	2,031,007	1,954,949
April	1,825,774	1,659,771	1,803,095	1,733,543	1,803,826	1,765,202
May	1,582,738	1,453,989	1,634,542	1,536,601	1,580,671	1,557,708
June	1,243,754	1,409,557	1,383,932	1,419,883		1,364,281
July	1,217,676	1,300,950	1,302,528	1,380,472		1,300,407
August	1,300,901	1,342,739	1,360,611	1,450,397		1,363,662
September*	1,297,670	1,297,936	1,421,174	1,005,902		1,255,671
October	1,335,166	1,389,529	1,483,658	1,499,863		1,427,054
November	1,590,102	1,584,909	1,977,782	1,779,353		1,733,036
December	1,975,064	2,123,602	2,375,284	2,085,584		2,139,884
Total	\$ 19,889,429	\$ 19,031,449	\$ 21,129,143	\$ 20,155,885	\$ 9,960,896	\$ 20,150,159

Notes:

\* Beginning in September 2012, half of the membership transitioned to a mid-month billing cycle. These members were billed for 15 days of consumption and a prorated basic charge on 9/14/12.

# BPA Consumption Summary

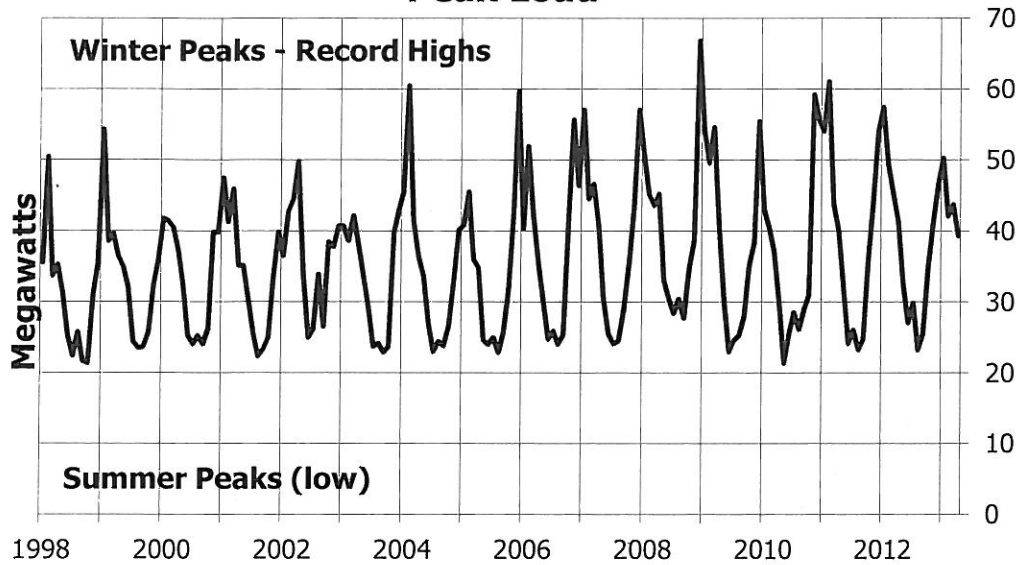
Through  
May 2013



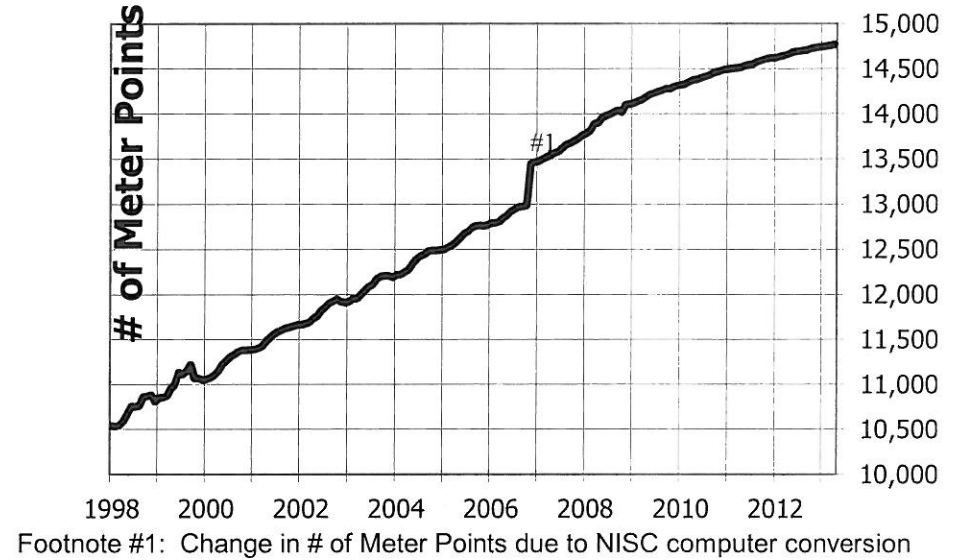


**RUS Form 7 Data**  
Through April 2013

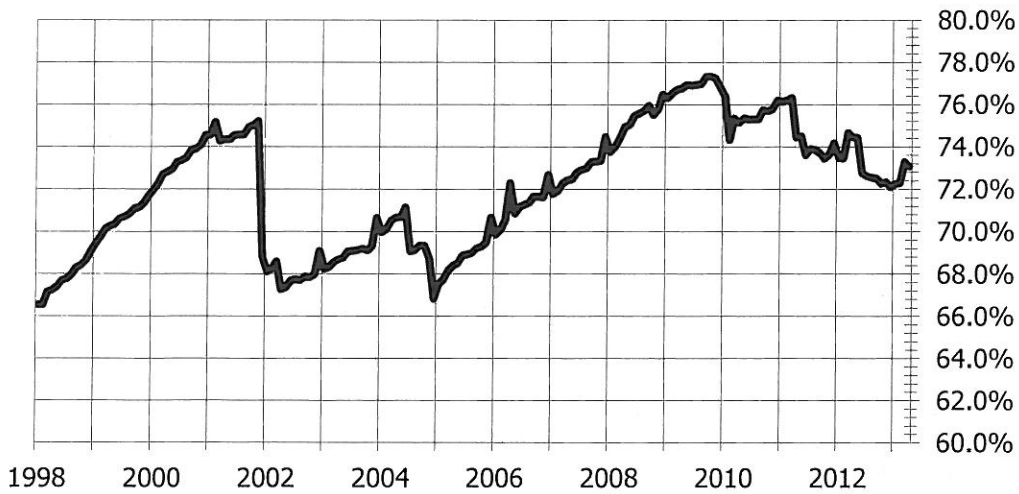
**Peak Load**



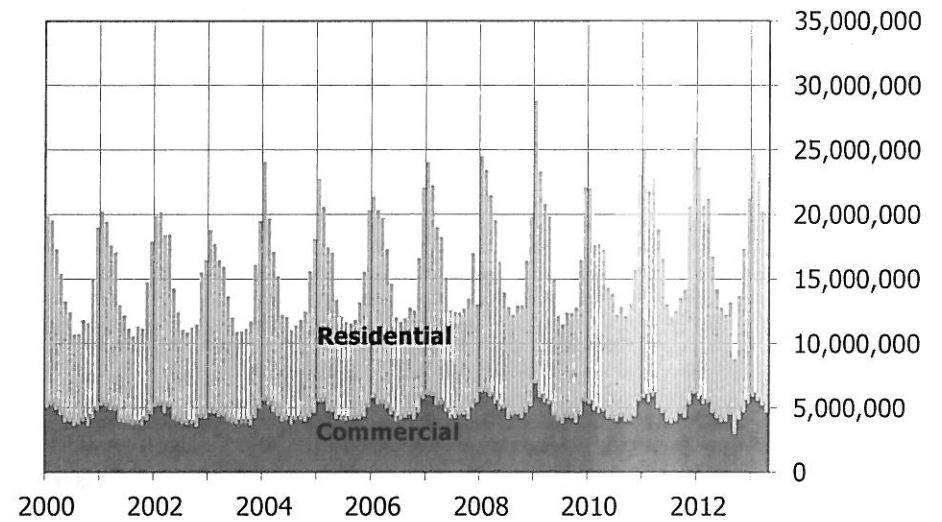
**Total Meter Points**



**Equity as a % of Total Capitalization**  
Margins & Equity/Margin & Equity +  
Total Long Term Debt



**kWh Sold**





Orcas Power & Light Cooperative Board of Directors:  
Vince Dauciunas and George Mulligan, District 1  
Winnie Adams and Chris Thomerson, District 2  
Jim Lett and Bob Myhr, District 3  
John Bogert, District 4  
183 Mt. Baker Road  
Eastsound, WA 98245-9413

May 20, 2013

Dear Directors:

On May 8, 2013 the Deer Harbor Community Club (DHCC) Board of Directors voted unanimously in support of the OPALCO Broadband initiative.

The DHCC has 127 family memberships. The DHCC is a nonprofit volunteer organization. Our mission is to preserve and maintain the schoolhouse building, provide an emergency meeting place, house historical memorabilia, and hold public educational meetings to promote the viability of our Deer Harbor community. In 2008, with the help from many generous community residents, we bought the Post Office building to continue local mail delivery to 98243.

OPALCO Broadband initiative is critical to the residents of Deer Harbor for personal, business and economic pursuits. As user increase and Internet activities expand in our community, Internet resources decline.

Deer Harbor is a dead zone for cellular customers. We're excited that the OPALCO plan could also lead to cell coverage improvements to aid the work of our first responders in times of emergency.

We look forward to the implementation of the OPALCO Broadband Initiative.

Sincerely,

Becky Rayne, President  
Deer Harbor Community Club  
PO Box 57  
Deer Harbor, WA 98243  
[Deerharborcommunityclub.org](http://Deerharborcommunityclub.org)

# ART NORDHOFF

854 Channel Road  
Lopez Island

Board of Directors

Orcas Power & Light Cooperative

It is my very sincere desire  
and recommendation that OPALCo  
NOT enter into the communications  
business.

Sincerely,

Arthur Nordhoff

(member since about 1958)

Mr Arthur E Nordhoff  
2212 Queen Anne Ave N  
Pmb 122  
Seattle, WA 98109-2312

Rec'd  
6-10-13